

## VIRGINIA:

## BEFORE THE VIRGINIA GAS AND OIL BOARD

|                    |  |   |                   |
|--------------------|--|---|-------------------|
| APPLICANT:         | EQUITABLE RESOURCES EXPLORATION        | ) |                   |
|                    | A Division of Equitable Resources      | ) |                   |
|                    | Energy Company                         | ) |                   |
| RELIEF SOUGHT:     | (1) ESTABLISHMENT OF THE DRILLING      | ) | VIRGINIA GAS      |
|                    | UNIT DESCRIBED IN EXHIBIT "A"          | ) | AND OIL BOARD     |
|                    | HERETO AND SERVED BY WELL NO.          | ) |                   |
|                    | V-2665 (herein "Subject                | ) | DOCKET NO.        |
|                    | Drilling Unit") PURSUANT TO            | ) |                   |
|                    | \$ 45.1-361.20, CODE OF                | ) | VGOB 93-0720-0388 |
|                    | VIRGINIA, AND (2) POOLING OF           | ) |                   |
|                    | INTERESTS IN SUBJECT DRILLING          | ) |                   |
|                    | UNIT PURSUANT TO \$ 45.1-361.21,       | ) |                   |
|                    | CODE OF VIRGINIA, FOR THE              | ) |                   |
|                    | PRODUCTION OF CONVENTIONAL GAS         | ) |                   |
|                    | FROM SUBJECT FORMATIONS (herein        | ) |                   |
|                    | referred to as "Gas")                  | ) |                   |
| LEGAL DESCRIPTION: |  | ) |                   |
|                    | DRILLING UNIT SERVED BY WELL NUMBERED  | ) |                   |
|                    | V-2665 TO BE DRILLED IN THE LOCATION   | ) |                   |
|                    | DEPICTED ON EXHIBIT A HERETO,          | ) |                   |
|                    | VICC, H.D. ROBERTS MINERAL TRACT WI-78 | ) |                   |
|                    | FLAT GAP QUADRANGLE,                   | ) |                   |
|                    | GLADEVILLE MAGISTERIAL DISTRICT,       | ) |                   |
|                    | WISE COUNTY, VIRGINIA                  | ) |                   |
|                    | (the "Subject Lands" are more          | ) |                   |
|                    | particularly described on Exhibit      | ) |                   |
|                    | "A", attached hereto and made a        | ) |                   |
|                    | part hereof)                           | ) |                   |

REPORT OF THE BOARDFINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on July 20, 1993, Ratliff Hall, Southwest Virginia Education 4-H Center, Abingdon, Virginia.

2. Appearances: James E. Kaiser, of the firm Hunter, Smith and Davis, appeared for the Applicant; Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to § 45.1-361.1 et seq., Virginia Code, 1950 as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas or oil owner, coal owner, or mineral owner having an interest in Subject Drilling Unit underlying and comprised of Subject Lands; (2) has given notice to those parties so identified (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by § 45.1-361.19, Virginia Code, 1950 as amended, to notice of this application; and (3) that the persons set forth in Exhibit B hereto have been identified by applicant as owners of gas or oil, coal or mineral interests underlying Subject Drilling

Unit, including those who have not heretofore leased or voluntarily agreed to lease their interests. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19.B, Virginia Code, 1950 as amended. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: None.

5. Dismissals: None.

6. Relief Requested: Applicant requests (1) that pursuant to § 45.1-361.20, Code of Virginia, 1950, as amended, the Board establish Subject Drilling Unit to be served by Well No. V-2665; (2) that pursuant to § 45.1-361.21, Code of Virginia, 1950 as amended, the Board pool the rights and interests of the known and unknown persons listed in Exhibit B hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, in and to the Gas for the drilling and operation, including production, thereof from the Subject Drilling Unit established for all non-coalbed formations from the surface to the total depth drilled of 5,500 feet, and all areas between, including, but not limited to the Upper Devonian Shale, Berea, Weir, Big Lime, Maxon and Ravencliff formations (herein "Subject Formations") underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"); and, (3) that the Board designate Applicant as Unit Operator.

7. Relief Granted: The requested relief in this cause be and hereby is granted and: (1) Pursuant to § 45.1-361.20, Code of Virginia, 1950 as amended, the Board hereby establishes Subject Drilling Unit; (2) pursuant to § 45.1-361.21.C.3, Code of Virginia, 1950 as amended, Equitable Resources Exploration. (hereafter "Unit Operator") is designated as the Operator authorized to drill and operate the well in the Subject Drilling Unit to produce Oil and/or Gas from Subject Formations, subject to the permit provisions contained in § 45.1-361.27 et seq., Code of Virginia, 1950 as amended; to § 480-05-22.1 et seq., Gas and Oil Regulations; and to § 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time; and (3) the Gas rights and interests in and to the Gas in Subject Drilling Unit of the known and unknown persons listed on Exhibit B, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, leased or unleased, be and hereby are pooled in the Subject Formations in the Subject Drilling Unit underlying and comprised of the Subject Lands.

| <u>Subject Formations</u>   | <u>Unit Size</u>                                 | <u>Permitted Well Location</u>      | <u>Field and Well Classification</u>  |
|---|--|-------------------------------------|---|
| Commencing at the surface to the total depth drilled of 5,500 feet, and all areas in between including, but not limited to the Upper Devonian Shale, Berea, Weir, Big Lime, Maxon and and Ravencliff formations | Approximately 125.66-acre circular drilling unit | V-2665 (See Exhibit A for location) | No applicable field rules; gas well under Statewide Spacing §45.1-361.17 Code of Virginia, as amended |



For the Subject Drilling Unit  
underlying and comprised of the Subject  
Land Served by Well No. V-2665

Wise County, Virginia

8. Election and Election Period: In the event any party pooled hereby has not reached a voluntary agreement to share in the operation of the well contemplated by this Order at a rate of payment mutually agreed to by said gas or oil owner and the Operator, then any such gas or oil owner named in Exhibit B may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 herein to the designated Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

- 9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any gas or oil owner named in Exhibit B who does not lease to the Operator and/or voluntarily agree to pool their interest in and to the Gas may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation VR 480-05-22.2, Section 10 (herein "Completed for Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of the Estimated, Completed-for-Production Costs as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The estimated Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Costs:

\$289,500.00

A Participating Operator's proportionate cost hereunder shall be that portion of said costs which the net mineral acres in the Subject Drilling Unit owned or claimed by such Participating Operator bears to the total number of mineral acres in Subject Drilling Unit. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Estimated, Completed-for-Production Costs as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

- 9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above, any gas or oil owner in Subject Drilling Unit who has not leased to the Operator and/or voluntarily

agreed to pool their interests in and to the Gas may elect to accept a cash bonus consideration of \$5.00 per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Gas produced from any well development covered by this Order multiplied by the gas or oil owner's percentage as set forth in Exhibit B [for purposes of this Order, net proceeds shall be actual proceeds received less post-production costs incurred downstream of the wellhead, including, but not limited to, gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable compensation to be paid to said gas or oil owner. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within sixty (60) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within sixty (60) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing gas or oil owner in and to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

The election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to and hereby does lease and assign its right, interests, and claims in and to the Gas and Oil produced from Subject Formation in the Subject Drilling Unit to the Unit Operator.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any gas or oil owner who does not lease to the Operator and/or voluntarily agree to pool their interests in and to the Gas in Subject Drilling Unit may elect to share in the development and operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. All of such Carried Well Operator's right, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned



interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign its right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event a person pooled hereby has not reached a voluntary agreement to share in the operations of the well contemplated by this Order at a rate of payment mutually agreed to by said gas or oil owner and the Operator and said person fails to elect within the time, in the manner and in accordance with the terms of this Order or the alternatives set forth in Paragraph 9 above, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to any final legal determination of ownership, to have elected to accept as satisfaction in full for all such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned his right, interests, and claims in and to Gas in the Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas in the Subject Lands underlying Subject Drilling Unit.

11. Default By Participating Person: In the event a person elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Estimated Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas in Subject Drilling Unit the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within sixty (60) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any 1/8th royalties which would become due pursuant to Paragraph 9.2 hereof.

12. Assignment of Interest: In the event a person pooled hereby is unable to reach a voluntary agreement to share in the operation of the well contemplated by this order at a rate of payment mutually agreed to by said gas or oil owner and the Operator and said person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of the well in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, interests, and claims in and to said well, in Subject Formations in Subject Drilling Unit, and

other share in and to Gas production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said elections.

13. Unit Operator (or Operator): Equitable Resources Exploration be and hereby is designated as Unit Operator authorized to drill and operate Well No. V-2665 in Subject Formations in Subject Drilling Unit, all subject to the permit provisions contained in Section 45.1-361.27 et seq., Code of Virginia, 1950 as amended, §§ 480-05-22.1 et seq., Gas and Oil Regulations and §§ 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

Equitable Resources Exploration  
P. O. Box 1983  
Kingsport, TN 37662  
Phone: (615) 224-3800  
Fax: (615) 224-3891  
Attn: Dennis R. Baker, Regulatory

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of any well covered hereby within three hundred and sixty-five (365) days from the date of this Order and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any cash sums becoming payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 P.M. on the date on which any well covered by this Order is permanently abandoned and plugged. However, in the event an appeal is taken from this Order, then the time between the filing of the Petition for Appeal and the final Order of the Circuit Court shall be excluded in calculating the one year period referenced herein.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas and Oil right and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

16.1 Escrow Account: By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account, (herein "the Escrow Account") to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described:

Tazewell National Bank  
P. O. Box 909  
Tazewell, VA 24651  
(herein "Escrow Agent")

16.2. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and shall, pursuant to Section 45.1-361.21.D, Code of Virginia, 1950 as amended, and said sums shall be deposited by the Operator into the Escrow Account, commencing within sixty (60) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made,



by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with § 45.1-361.21.D., Code of Virginia, 1950 as amended.

17. Special Findings: The Board specifically and specially finds:
  - 17.1 Applicant is a division of Equitable Resources Energy Company, a corporation duly authorized and qualified to transact business in the Commonwealth of Virginia;
  - 17.2 Applicant claims ownership of gas leases on 95.59 percent of Subject Drilling Unit and the right to explore for, develop and produce gas and oil from same.
  - 17.3 Applicant is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
  - 17.4 Applicant has proposed the drilling of Well No. V-2665 on the Subject Drilling Unit to develop the pool of gas and oil in Subject Formations.
  - 17.5 Set forth in Exhibit B is the name and last known address of each person of record identified by the Applicant as gas or oil, coal or mineral owners who may have an interest in the gas or oil in Subject Drilling Unit underlying and comprised of Subject Lands of which 4.41 percent remain unleased by or to the Operator.
  - 17.6 The proposed depth of Well No. V-2665 is 5,500 feet.
  - 17.7 The estimated production over the life of the proposed well is 500,000 mcf.
  - 17.8 A well work permit for well V-2665 has been issued by the Virginia Department of Mines, Minerals and Energy.
  - 17.9 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in Paragraph 9 above.
  - 17.10 The Subject Drilling Unit does not constitute an unreasonable or arbitrary exercise of Applicant's right to explore for or produce Gas.
  - 17.11 The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person in the Subject Drilling Unit the opportunity to recover or receive, without unnecessary expense, each person's just and fair share of the production of the gas and/or oil from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of gas and oil, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.

18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.

19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

21. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 28<sup>th</sup> day of November, 1993, by a majority of the Virginia Gas and Oil Board.

Benny R. Wampler  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 28<sup>th</sup> day of November, 1993, by Order of this Board.

Byron J. Fulmer  
Byron Thomas Fulmer  
Principal Executive To The Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA )  
COUNTY OF WISE )

Acknowledged on this 28<sup>th</sup> day of November, 1993, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Susan G. Garrett  
Susan G. Garrett  
Notary Public

My commission expires 7/31/94

STATE OF VIRGINIA )  
COUNTY OF WISE )

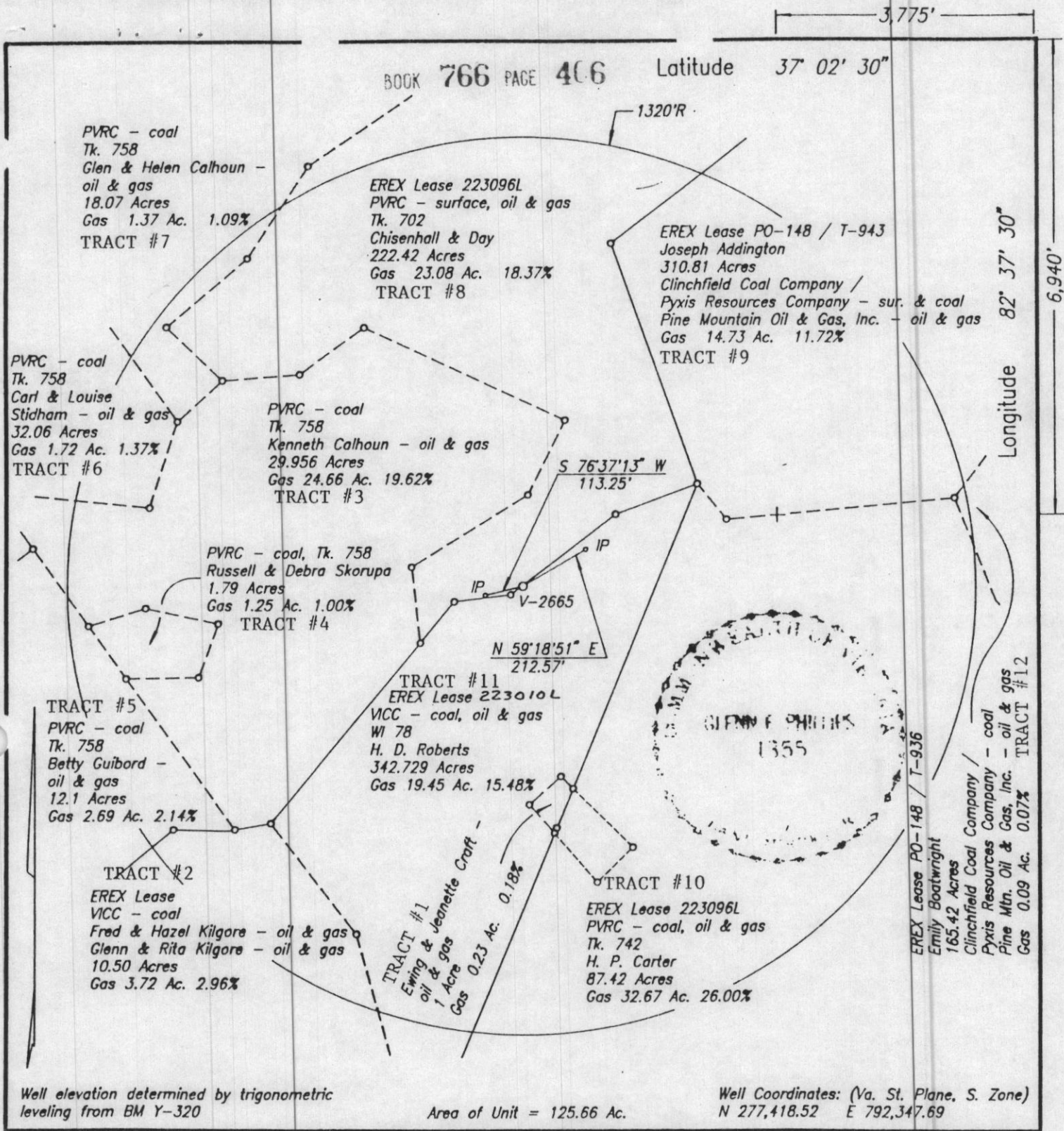
Acknowledged on this 28<sup>th</sup> day of November, 1993, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Diane J. Davis  
Diane J. Davis  
Notary Public

My commission expires 9/30/97

VIRGINIA: In the Clerk's Office of Wise Circuit Court. Dec 2 19 93  
This deed was presented and upon the annexed Certificate of acknowledgement admitted to record at 11:27A M. The tax imposed by 58.541 of the Code has been paid in the amount of \$ 706 and Page 358.  
Recorded in Deed Book 706  
C. Gary Rakes, Clerk [Signature] Deputy Clerk





### WELL LOCATION PLAT

COMPANY Equitable Resources Exploration WELL NAME AND NUMBER V-2665  
TRACT NO. WI 78 ELEVATION 2685.72 QUADRANGLE Flat Gap  
COUNTY Wise DISTRICT Gladeville SCALE 1" = 400' DATE 4-27-1993

This Plat is a new plat x; an updated plat   ; or a final location plat   

+ Denotes the location of a well on United States topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

*Glenn F. Phillips*

Licensed Professional Engineer or Licensed Land Surveyor

EXHIBIT "B"

V-2665

BOOK 766 PAGE 407

| <u>TRACT</u> | <u>LESSOR</u>  | <u>LEASE STATUS</u>                       | <u>INTEREST<br/>WITHIN<br/>UNIT</u> | <u>GROSS<br/>ACREAGE<br/>IN UNIT</u> |
|--------------|--|---|-------------------------------------|--------------------------------------|
| 1            | Ewing Craft and<br>Jeanette Craft, H/W<br>Route #2, Box 282<br>Wise, VA 24293              | Unleased                                  | .18%                                | .23                                  |
| 2            | Fred Kilgore and<br>Hazel Kilgore, H/W<br>Route #2, Box 292<br>Wise, VA 24293              | Leased-EREX<br>244508L-01                 | 1.48%                               | 1.86                                 |
|              | Glenn Kilgore and<br>Rita Kilgore, H/W<br>Route #2, Box 292<br>Wise, VA 24293              | Leased-EREX<br>244508L-01                 | 1.48%                               | 1.86                                 |
| 3            | Kenneth Calhoun and<br>Barbara Calhoun, H/W<br>Route #2, Box 317<br>Wise, VA 24293         | Leased-EREX<br>244506L-01                 | 19.62%                              | 24.66                                |
| 4            | Russell Eric Skorupa and<br>Debra Lynn Skorupa, H/W<br>P. O. Box 2257<br>Wise, VA 24293    | Unleased                                  | 1.00%                               | 1.25                                 |
| 5            | Betty Guibord and<br>Charles Guibord, W/H<br>9101 Newhall Drive #6<br>Sacramento, CA 95826 | Unleased                                  | 2.14%                               | 2.69                                 |
| 6            | Belle Calhoun, Widow<br>Route #2, Box 334<br>Wise, VA 24293                                | Leased-EREX<br>Life Estate<br>244507L-01  | 0.00%                               | 0.00                                 |
|              | Carl Stidham and<br>Louise Stidham, H/W<br>Route #2, Box 319<br>Wise, VA 24293             | Leased-EREX<br>244507L-01<br>Remainderman | 1.37%                               | 1.72                                 |
| 7            | Glenn Calhoun and<br>Helen Calhoun, H/W<br>R.R. #5, Box 146<br>Duffield, VA 24244          | Unleased                                  | 1.09%                               | 1.37                                 |



EXHIBIT "B"

V-2665

| <u>TRACT</u>                | <u>LESSOR</u>  | <u>LEASE STATUS</u>                              | <u>INTEREST<br/>WITHIN<br/>UNIT</u> | <u>GROSS<br/>ACREAGE<br/>IN UNIT</u> |
|-----------------------------|--|--|-------------------------------------|--------------------------------------|
| 8                           | Penn Virginia Resources<br>ATTN: Ralph Tomlinson<br>P. O. Box 386<br>Duffield, VA 24244-0386   | Leased-EREX<br>223096L-01<br>TR# 702             | 18.37%                              | 23.08                                |
| 9                           | Pine Mountain Oil and<br>Gas, Inc.<br>ATTN: Richard Brillhart<br>P. O. Box 4000<br>Lebanon, VA 24266   | Leased-EREX<br>241490L-01<br>TR# T-943<br>PO-148 | 11.72%                              | 14.73                                |
| 10                          | Penn Virginia Resources<br>ATTN: Ralph Tomlinson<br>P. O. Box 386<br>Duffield, VA 24244-0386   | Leased-EREX<br>223096L-01<br>TR# 742             | 26.00%                              | 32.67                                |
| 11                          | Virginia Iron Coal &<br>Coke Company<br>ATTN: R. G. Poindexter<br>Vice President & General<br>Manager<br>P. O. Box 1871<br>Roanoke, VA 24008 | Leased-EREX<br>223010L-01<br>TR# WI-78           | 15.48%                              | 19.45                                |
| 12                          | Pine Mountain Oil and<br>Gas, Inc.<br>ATTN: Richard Brillhart<br>P. O. Box 4000<br>Lebanon, VA 24266   | Leased-EREX<br>241490L-01<br>TR# T-936<br>PO-148 | .07%                                | .09                                  |
| TOTAL                       |  |  | 100.00%                             | 125.66                               |
| Percentage of Unit Leased   |  |  | 95.59%                              |                                      |
| Percentage of Unit Unleased |  |  | 4.41%                               |                                      |
| Acreage in Unit Leased      |  |  |                                     | 120.12                               |
| Acreage in Unit Unleased    |  |  |                                     | 5.54                                 |